

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: **201512005**
Release Date: 3/20/2015

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

Date: December 22, 2014

LEGEND:
X= college

UIL:
4945.04-04

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a Non-Exempt Charitable Trust (NECT) described in Section 4947(a)(1) and also a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in Code section 117(b)).

Our ruling is effective beginning August 20, 2013, the date you submitted your request for advance approval.

Description of your request

You provide scholarships to students from X to continue their major at a four-year accredited college or university. The scholarship will be publicized at X's website. In order to be eligible for this scholarship, applicants must complete two years in chemistry, geology, physics, or engineering, plan to continue their major at a four-year accredited college or university and have a minimum of a 3.0 GPA. A scholarship application must also be completed.

The number and amount of scholarships awarded each year will vary depending on the amount of funds available to be distributed. Each year your trustee advises the

scholarship advisory committee, made up of members from X, of the amount of funds available to be awarded. The committee ranks the applicants based on GPA and submits the selections to your trustee.

You pay the scholarship directly to the college or university the recipient attends. The recipient college/university will be required to notify you or refund any unused portions of the scholarship if the recipient fails to meet the award's terms or conditions. Otherwise, the recipient will be required to submit reports and grade transcripts. The scholarship is not renewable.

Relatives of the selection committee are not eligible for any scholarships. If you determine that funds have been diverted, you will take all reasonable and appropriate steps to recover the diverted funds.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.

- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations

Enclosures:
Notice 437
Redacted letter